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Sample Chapter From ***It Takes a Lot More than Attitude...*** ***To Lead a Stellar Organization***

Taking Risks and Learning from Mistakes

It's a tired refrain in business, "We wish people would take more risks and think outside the box." Uh, huh. Face the Truth: we're afraid to admit mistakes for good reason: culturally, we don't tolerate mistakes. Since first grade, we've been scolded, punished, given poor grades, passed over for promotion, ostracized, and belittled for our mistakes. As I write this, we're heading into a whopping third season of "American Idol." As usual, it begins with a countrywide mockery of talentless pop-star wannabes. Talentless? For sure. But at least they had the courage to take a risk in front of 250 million people. Their reward? Public ridicule, often reducing contestants to tears. Are they going to be leading the pack of risk-takers in the future? ... Would you?

Sure, some people say mistakes are OK. A well meaning, understanding person-usually from the Human Potential movement-says in a soft, caring voice, "It's not a mistake, it's a learning opportunity." Two days later, the team member who didn't make the mistake is promoted to team leader. It was a learning opportunity, all right. The learning was, "Don't screw up, follow the rules, don't make mistakes and you'll have a career."

Society's message is, "Don't admit mistakes or bad things will happen." If you want people in your organization taking risks, you have to make it safe, even desirable, for them to move out side their comfort zone.

The organization must support risk taking

Look first to your rewards. Most organizations reward outcomes: sell the most, get promoted; meet your ship date, get a bonus; meet your earnings projections, get an analyst's stamp of approval. The rewards come from reaching an outcome, no matter how it was reached. Imagine Laurie, a shoe salesperson for OutcomeCo. Laurie's sales tactics work on just 1 percent of the customers. Fortunately, the territory is flush with that 1 percent, so meeting quarterly targets is a breeze. Laurie is motivated to milk the 1 percent, rather than take risks to capture the other 99 percent.

"People do what they're paid for, so pay them to learn."
- Stever Robbins

And why should Laurie take risks? Risk-taking by its nature misses targets much of the time. The solution is to reward the learning process as well as the targets. Imagine LearningCo, where the bonus is based on helping the company move faster toward its goals by gathering useful information, developing better ways of doing things, or identifying what not to do again (mistakes). In LearningCo, Laurie is rewarded for capturing the 1 percent, but is also rewarded for noticing market trends, trying cool new sales tactics that don't work-no doubt involving unicycles, French horns, and a powdered

wig-and inventing cool new products that may someday take over the market.

People do what they're paid for, so pay them to learn. Add personal risk-taking plans to yearly reviews. Ask, "Are you taking enough risks? How can I help you take more?" Applaud in public (and in private!) when someone fails at something wildly, audaciously new. Celebrate whoever has the wackiest new ideas. Otherwise, time spent thinking outside the box is also time spent thinking outside-the-bonus-structure. Given the choice between outside-the-box poverty and inside-the-BMW business-as-usual, don't be surprised when people choose the BMW.

It's hard to reward learning in an outcome-based culture; you need real conviction. Are you ready to pad schedules with time for failures, experimentation, and rework? Could you give a larger bonus to someone who learned and failed than to someone who reached an important outcome through sheer luck? And if so, are you up to the task of making sure everyone understands that the learning is what you are rewarding?

A software company gave their flagship product's manager a Hawaiian vacation when the product shipped. The flagship product accounted for 70 percent of the company's revenue, so the manager was given unlimited budget and staff to insure success. Why should he learn? He could just commandeer more resources. Other projects were cannibalized without notice for the flagship project, so they learned to streamline development and ship with limited resources. Taken at face value, it sounds reasonable to reward the flagship manager more than the other managers, yet he contributed much less to the organization's ongoing strength and capability. By not rewarding the other managers for their learning in a difficult situation, they eventually lost many good performers.

Company support isn't enough; one-on-one support is also needed for risk-taking

Once the organization structures support risk taking, you have to encourage the behaviors daily. When someone's pushing the edge of their thinking, be excited! Ask questions to push them further. Daily brainstorming, questioning assumptions, and experimentation must become "de rigeur." When someone surfaces an idea that could lead to great learning, keep it alive by giving them time and resources to pursue the idea further.

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If your culture doesn't allow mistakes, the gossip circles can be vicious. If you hear someone making fun of another person's mistake or missed targets, challenge the gossip. Ask "Was the mistake because they were trying something new?"

This is a change that has to happen at the grassroots. You have to get people talking about out-of-the-box thinking. When they first hear a novel idea, people will retreat to

what's familiar. "If we did that, we'd get fired and lose our bonuses." The fears and excuses you hear reveal your organization's unique neuroses and phobias of risk-taking. You need to be countering these phobias by asking, "What would have to happen for you to feel safe enough go out on a limb and try?" or "If you knew your career was completely safe, do you think that idea would be worth trying?" Oh, yes. When they answer, listen to what they say. You'll learn a lot about how to help people shift their mindset.

Have learning reviews, and start with facts

Contrary to popular belief, learning doesn't just happen. It takes reflection and consideration. Even for those of us who know that, it's easy to spend a couple decades repeating our own personal dysfunction until something jolts us to really look at our behavior, identify the patterns, and change it.

In organizations, reflection comes from project reviews. When a major milestone comes and goes, get the team together to reflect on what made it possible (or impossible) to meet the milestone. Have them turn their observations into guidelines that can apply to future projects. Even if your culture is generally supportive, you'll get the most out of a review if you keep it all about the facts, not the people.

Learning comes from examining what did and didn't happen, not assigning blame or recognition. Personal commitment only becomes key when the team begins exploring the future. Once learning becomes commonplace, people may become comfortable owning their part in what happens. Until then, a focus on the people just makes them defensive.

Because, you see, at project reviews, each person—and usually the whole team—will assume their own behavior was flawless. Like Martha Stewart at arraignment, everyone feels they're a victim of the ever-present "they." "They" caused the screw-ups. "They" delivered materials late. "They" passed restrictive legislation. "They" didn't provide the needed direction or focus. If a team doesn't get "they" out of its system, it won't be able to learn. Then it will become the "they" that gets in everyone else's way. (And thus is balance preserved.)

Cultures—learning or not—become self-fulfilling prophecies. A company with a conservative culture fills with people who self-select not to take risks and not to admit mistakes. These aren't people who will come rushing with open arms when someone proclaims, "Now we want to start taking risks!"

Shifting a culture means addressing fears with substance: the organization must factor risk-taking into its rewards and performance measures. That support must come out in daily interactions. And even then, the best learning comes from carefully separating judgments from facts, and promoting the search for solutions, rather than rehashing blame. Our society does a great job of squelching learning instincts, but with patience, care, and precise communication, a group can re-create a culture of learning and exploration.

Putting it into action: run a kick-ass learning review

Focus on the Facts by focusing on the whiteboard. Arrange the group in a semicircle facing a whiteboard setting up the basic conflict: "us vs. the whiteboard."

Draw out a timeline of the project. Note the major milestones, the major decisions, and any major successes or disasters along the way.

Next, review the timeline and identify what went wrong, without regard to fault. List facts without judgment. If specific people are mentioned, remove the blame and just describe circumstances. "Bob handed in the report late" would become "Report handed in late."

Now make a second list of all the good things that happened. Be specific. "We supported each other" is too vague. "We stayed late and took on each other's work in order to meet a tight deadline" is just about right. At the end of this exercise, this list of specific actions will become a jumping-off point.

For each "bad" event, ask the team:

- What choices could we have made to avoid the badness?
- What choices did we make that should have been avoided?
- What events, motivations, and actions did we misinterpret that fed into the bad action?
- What were the correct interpretations?
- Given all that, what does this all mean about what we should and shouldn't do going forward?

For each "good" action, ask:

- Was this really because we did something right, or are we taking credit for an act of Nature?
- If it was us, what did we do to cause the goodness?
- Is there anything we didn't do that helped the goodness happen?
- How did our interpretation of events, motivations, and actions help the goodness come to pass?
- Given all that, what does this mean about what we should do and shouldn't do going forward?

Remember: this is about team learning. Only bring specific people into the process at the very last questions. If Bob's report was three weeks late, the only question that mentions Bob is the question, "How can the team help Bob get the report done on time?" By discussing facts and framing the team's involvement as one of future joint responsibility, the frame is shifting from "Who did what right/wrong?" to "What happened, and how can we help it happen better next time?"